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NEW TECHNOLOGY IN UTAH MAKES OIL FROM SAND

by Jamie Huish Stum

In the United States, consumers use about 20 million barrels of oil a day, yet domestic resources only produce about 8 million barrels a day, forcing the country to import 12 million barrels of oil a day from foreign sources. New technology now in Utah could change that.

Black Sands Energy Corporation has developed the first commercial system that extracts oil from oil sands. The operation will be in production in Utah's Asphalt Ridge by spring 2008, officials said Tuesday at a news conference.

Located between 1 foot and 1,000 feet underground, oil sands have been largely ignored as a form of energy in favor of oil shale. As processes become more efficient, officials say it has become economically feasible to consider oil sands for extraction.

Oil sands make up 70 percent of the world's available heavy oil, said Frank Glinton, president and CEO of Black Sands, at the conference.

"That's what the world is going toward right now...there are no more gusher wells out there," Glinton said.

Black Sands has developed a self-contained flow system that separates oil from mined sand, and then returns the sand to the environment. The process produces as much as 250 barrels of oil a day, according to Black Sands officials.

The company's process is the only one in the nation certified by the Department of Energy as environmentally friendly, officials say. The process cleans the oil using solvents and a steaming process, producing end products of crude oil and clean sand. The company uses a solvent similar to one used in the food industry to make vegetable oil, ensuring the process is safe and environmentally friendly, officials said.

The new technology is also efficient, Glinton said. More than 99.9 percent of the oil is removed from the sand. Each production rig separates about 100 tons of oil sand per hour, creating between 50 barrels and 100 barrels of crude oil per hour.

Utah is in a prime position to accommodate the new technology, officials said. The United States contains about 100 billion barrels of oil in its oil sands. Of that, Utah has about 32 billion barrels of oil in eight major oil sands sources around the state, mainly in eastern Utah. Annual revenue from an efficient process like Black Sands' technology could produce tens of millions of dollars in annual revenue for the state, Glinton said.

Black Sands has been in Utah about three years, concentrated in the Vernal area, Glinton said. The technology was invented as an environmental cleanup tool to restore beaches after oil tankers went aground. Patents have already been issued for Black Sands' technology and an extraction system was first installed in Wyoming in 1996. The company has been doing extensive research and development to improve the process ever since, Glinton said, and is now ready for commercial production.

Logistics and infrastructure remain the biggest hurdles for the technology, Glinton said. Though Utah has oil sands, the areas where the supplies are located are rural, making transportation difficult.

"The problem isn't making the oil, it's getting the oil out," Glinton said.

Many areas in eastern Utah lack sufficient infrastructures needed to get the oil to a major pipeline. Because of this, Black Sands has brought the technology mainly to the Vernal area, which already has some infrastructure and resources. The company is considering options for assisting with infrastructure improvement in other areas to continue development, Glinton said.

The corporation is working toward the common good for the entire state and wants to work with government agencies to bring more capital into Utah by utilizing this new technology, said retired California state senator Daniel Patrick O'Keefe, who has been a strong supporter of the technology, at the event.

"We are bringing to the state of Utah a proven technology that has been developed over 10 years," said O'Keefe. "We are bringing something that has taken time and that has been reengineered...so that when we bring something here it's going to be reliable, consistent and deliver what is promised."